



Vol. XXXIII., No. 10,131.

STAYING THE PANIC.

IMPORTANT CONSULTATION OF GOVERNMENT AUTHORITIES.

THE TREASURY TO BUY 5-20 BONDS.

THE PRESIDENT VAINLY ENDEAVORED TO LOAN THE RESERVE FUND OF \$44,000,000 TO THE BANKS—VANDERBILT PROPOSES TO LEND \$10,000,000 IF THE GOVERNMENT LOANS \$25,000,000—THE PROPOSITION REJECTED—WHITTEN APPEALS TO THE PRESIDENT FORTIFIED BY LEGAL OPINIONS AGAIN WITHOUT LIMIT—DISASTROUS EFFECT ON THE BANKS FEARED—THE CLEARING-HOUSE MANAGER DECLARES THE BANKS STRONG ENOUGH TO STAND THE PRESSURE.

The failure of the Lake Shore Railroad to pay a call loan of \$1,750,000 on Saturday precipitated the failure of the Union Trust Company, and thus, contrary to general expectation, the panic that day became worse than ever. Yesterday great alarm prevailed in financial circles. Measures of relief were undertaken, full details of which are published below. President Grant, Secretary of the Treasury Richardson, and Gen. Hillhouse, Sub-Treasurer in this city, met a large number of the largest capitalists and most prominent financiers at the Fifth Avenue Hotel in conference on the crisis. The proposition was made directly to the President to lend the Treasury Reserve of \$44,000,000 to the banks, and it was at once rejected because without warrant of law. Commodore Vanderbilt then proposed to lend \$10,000,000 if the Treasury would issue \$25,000,000, but he was asked why he did not pay the call loan of \$1,750,000 due the Union Trust Company, and allow it to resume. This he accepted as a declaration of his offer, and retired without explaining his failure to pay the loan due. Reverdy Johnson, at the request of the capitalists, addressed an opinion to the President, saying that while there was no legal authority there was precedent for a loan, and urging the President to reply favorably to some such proposition. The President finally declined again to make the loan, but decided to direct the Sub-Treasurer to buy unlimited amounts of 5-20 bonds or bonds of \$1, at par, as fast as they were offered by those wishing to realize on them. This done the President left the city and returned to Washington.

The result of Saturday's panic in Wall Street, fully detailed in other columns of this morning's TRIBUNE (pages 2 and 5), may be thus briefly summed up: Eleven additional failures of brokers were announced, making a total of thirty-three houses which have failed and three banks which have suspended. The Stock Exchange has been closed until further orders of the President, and thus speculation has been practically stopped until settlements can be made. By this action confidence was in large measure restored among the brokers; and later the bankers and merchants and larger army of bank depositors were reassured by the action of the Clearing House Committee in issuing \$10,000,000 of loan certificates, and resolving on concerted action of the moneyed institutions. The Government also threw \$10,000,000 of greenbacks on the street by the offer to purchase bonds to that amount, and these measures of relief very much helped to break the force of the panic on that day.

A CONCLAVE OF CAPITALISTS.

GOVERNMENT OFFICIALS CONSULTING WITH NEW-YORK FINANCIERS ON THE CRISIS.

The arrival of President Grant at the Fifth Avenue Hotel, on Saturday night, with the avowed purpose of discussing with Secretary Richardson the needs of Governmental interference in the present financial crisis, attracted to the neighborhood of his parlors at the hotel, yesterday afternoon, the wealthiest business men of the city. The hotel was indeed as lively as the Stock Exchange had been, notwithstanding the church bells were ringing outside, and a Sabbath air of peace and quiet reigned over the almost deserted streets. The whole life and stir of the great city had apparently been compressed into its smallest compass and packed within the corridors and lobbies of the hotel. Solid groups of business men, engaged in low and earnest conversation, crowded the lobbies beneath and the carpeted doors and parlors adjoining the south-west angle of the hotel, where, in parlors Nos. 33-34, and 35, the President and his party were assembled.

Accompanying the President were Secretary Richardson, Gen. Babcock, the Presidential Secretary; Gen. Hillhouse, the Assistant Treasurer; Gen. George A. Sharpe, Senator Morton of Indiana, and Senator West of Louisiana. Among the capitalists and citizens who thronged the corridors, or waited in the parlors on the decision of the authorities, were George Opdyke, William Orton, Robert L. Kennedy, John J. Cisco, Prosper P. Shaw, Rufus Hatch, H. B. Claflin, John Hoy, Jenkins Van Schaick, Gen. E. S. Sanford, J. H. Banker, W. L. Scott, Eugene J. Jackson, H. H. Baxter, Jacob Rubins, F. D. Tappan, William R. Travers, N. Hart Jackson, O. W. Joslyn, Clark Bell, H. G. Chapman, Charles J. Osborn, R. W. Nathan, Mortimer Hendricks, John J. Donaldson, Samuel Ward, B. A. Camp, H. N. Smith, H. K. Enos, William Heath, Mortimer Smith, and many others whose interests lay in the immediate turning of the financial crisis which threatens the country. The Hon. Reverdy Johnson was also visible at frequent intervals in the substantial throng. It was a rather substantial assemblage indeed, and when Commodore Vanderbilt, on the arm of a younger friend, appeared in the carpeted corridors, one of the substantial men remarked, with possibly pardonable pride, "A very substantial assemblage indeed. I should say over a hundred millions!"

THE DEMAND OF THE FINANCIERS REJECTED. The capitalists held their consultation informally in Room No. 19, and most of those named above were present at different times of the day and evening. The discussion began at about 10 o'clock, and immediately centered on the direct proposition that the Government should loan to the banks of the city the whole reserve of the Treasury, if needed, and that it should be done before 10 o'clock on Monday. Twenty different propositions made by as many men, and couched in different terms, meant only this to the Government, though doubtless each financier concealed in his diplomatic language some secret purpose of his own.

When finally a proposition had been agreed upon the capitalists in a body called upon the President and Secretary in the parlors devoted to them, and a chosen speaker propounded it. It met with instant rejection. Secretary Richardson at once and unhesitatingly declined positively to do anything of the sort or to listen to such a revolutionary proposition. It was not, so some of the bankers intimated, his funeral, but theirs, and this factious way of putting it did not move him. The capitalists again consulted, and could come to no satisfactory decision.

Secretary Richardson held firmly to his purpose, and the President firmly backed him in it.

THE PRESIDENT DECLINES VERBAL PROPOSITIONS. Finally, at about noon, the President gave notice that he would entertain no proposition which was not stated clearly and briefly in writing and signed by each capitalist present in the conference. Some consternation ensued over this, and the conference became more intensely earnest than before. Consultation was informally had with Reverdy Johnson, who stated that the President had no power to make any such use of the Treasury reserve, but that he thought that he would be supported in such action if he deemed the exigency of the case required it and was backed up by the leading financiers of the city and country. The result of long deliberation on this point was that the capitalists proceeded to make out their written petition, and prevailed upon Mr. Johnson to accompany it with a written opinion of his own upon the legality of the proposed issue. In a few moments' interview with Mr. Johnson he stated the following facts to THE TRIBUNE reporter:

REVERDY JOHNSON'S OPINION.

"The President, without doubt, is without legal power to issue any portion of the forty millions. He (the President) says as much as that himself, and on meeting me in the corridor asked my opinion about it. I told him that there was no legal warranty, but if I were in his place, and deemed that the exigency demanded such a measure, I would surely order it. This has become a national calamity. To-morrow, unless relief is given, all the city banks will suspend. The result would be a general suspension throughout the country, and a prostration unequalled even by the catastrophe of 1857. The President confided in me in the matter, and I am to write him a letter on the subject at 5 o'clock."

THE PROPOSITION.

The capitalists' conference meantime continued to deliberate earnestly, with closed doors, until the hour of two, when a recess for dinner was taken and a lull throughout the hotel ensued. Soon after that hour, however, the stir was renewed, and the deliberations were continued. Mr. Johnson had meantime made a rough draft of his letter of advice to the President, and at once submitted it to the conference, to which had now been added H. B. Claflin and many others, so that the financial estimate of the strength of the convention was put at a representation of "a hundred and fifty millions." The proposition to write the letter had been made in the form of a request to advise the President, as a lawyer, on the authority to lend the Treasury reserve of \$44,000,000. The opinion had been prepared, and the meeting was called to order by Mr. Opdyke, who presided, to listen to its reading. The memorial addressed by the merchants and bankers to the President sets forth the urgent need of the mercantile and banking interests of the country for immediate relief, and asks that the President authorize the Secretary of the Treasury to loan to the national banks the sum of \$20,000,000, the national banks to jointly pledge themselves to become security for such loan. This was signed by H. B. Claflin and a large number of merchants and bankers. No broker was allowed to sign it, in order that no suspicion might be entertained that the amount was needed for speculative purposes. The letter sets forth the extreme gravity of the occasion, the entire financial interests of the country being threatened, and refers to the petition of the bankers and merchants that the \$44,000,000 of reserve greenbacks be issued. With reference to the legal authority of the Secretary of the Treasury to reissue the entire amount, or any portion of it, lawyers differ in opinion. Mr. Johnson recalls the attention of the President to the fact that on a former occasion, during a period of monetary stringency, the sum of \$5,000,000 was issued by the Secretary by authority of the President. The people hailed this as a measure of relief, and had indorsed this action of the President by reflecting him by an almost unprecedented majority.

The letter was read to those assembled and elicited their approval. A few trifling alterations of phraseology were made by Mr. Johnson, and his secretary was directed to make a clean copy of the letter for presentation to the President.

THE PRESIDENT'S VIEWS AT DINNER.

Meantime the President had left the Fifth Avenue Hotel and gone to the Union League Club to dinner, on the invitation of H. B. Claflin, John Hoy, and others. He departed with these gentlemen about 4 o'clock p. m. During the dinner the subject of issuing the reserve greenbacks and other plans of relief were discussed at length. The President was willing to do anything for the relief of the financial community, provided the law would bear him out in so doing. Secretary Richardson was opposed to issuing the reserve greenbacks, because he believed there was no legal authority for so doing. He said he appreciated the condition of the financial community, but was unwilling to violate the law to afford relief. Many of the arguments of the day were again brought forward, but no new measures submitted.

THE DECISION ANNOUNCED.

NO FUNDS TO BE LOANED—LARGE PURCHASES OF BONDS TO BE MADE.

In the main hall of the Union League Club-house a large number of financiers had congregated, awaiting the result of the conference. Many were the surmises as to what would be done, but the majority were of the opinion that the President would adhere to his resolution not to authorize the issue of greenbacks as a loan. Finally, about 9 o'clock p. m., some one came down from the dining-room and announced the ultimatum of the President. It was that the Sub-Treasurer in this city would be authorized to purchase any amount of U. S. five-twenty bonds that might be offered, and also to buy the issue of 6 per cent bonds, commonly known as sixes. This includes the currency sixes, the ten-forties, and the new fives. The price is to be par in gold and accrued interest. In case the Stock and Gold Exchanges are not opened, the ruling price on the street is to be taken as the market price.

Soon after making this announcement it was also announced that the President and Secretary Richardson had departed for Washington.

HOW THE ANNOUNCEMENT WAS RECEIVED. The prevailing opinion among the majority of those present was that the relief afforded was not adequate. It was urged that the Government had offered to purchase \$10,000,000 of Government bonds on Saturday, and that but \$2,700,000 were offered.

Among those who were of the opinion that the relief afforded by the purchase of bonds was not sufficient was Mr. George Opdyke. He also cited the small offering of bonds on Saturday as proof that few would be offered to-day. Those persons possessing bonds, he thought, would be likely to hold on to them, as they were the best security one could hold in times like the present. He thought it likely that the banks would not open their doors this morning until a mutual understanding had been reached by the officers.

THE PRESIDENT'S ULTIMATUM.

IT IS ANNOUNCED BY SENATOR MORTON.

Soon after 8 o'clock ex-Senator Reverdy Johnson called on Senator Morton, in his room in the hotel, to learn the effect of his letter on the President. Soon after his entrance, George Opdyke also came in on the same errand. The following conversation ensued:

Mr. Johnson—Did you see my letter to the President?

Senator Morton—Yes; the President read it in my presence, and passed it over to the Secretary of the Treasury, who also read it very carefully.

Mr. Johnson—You read it, didn't you?

Senator Morton—Yes, I read it first and then gave it to the President.

Mr. Johnson—What is the result? What will the President do?

Senator Morton—He has decided to buy an unlimited amount of 5-20 bonds at a price not exceeding par in gold. The President fully realizes the situation and is disposed to do all that he can within the letter of the law.

Mr. Johnson—Then he will not issue the \$44,000,000 greenbacks?

Senator Morton—No; he has decided not to do so.

Mr. Johnson—Then won't he loan the gold that is in the banks?

Senator Morton—They have considered the situation in all its aspects, and think that the most they can do is the purchase of these bonds.

Mr. Johnson—He can't get them. They are not here; they are in Europe.

Mr. Opdyke—Unless they create a run on the savings banks and compel them to sell to save themselves.

Mr. Johnson—By the way, I have reason to believe that the Sub-Treasurer act has been repealed.

Repealing act was passed, I think, July 3, 1869.

Senator Morton—I would like to see the Repealing Law. I have never heard of it.

Mr. Johnson—It seems to have been a short act which nobody knows anything about. I have sent for a copy of the statutes.

Senator Morton—The question with the President has been not so much as to the legality of the issue of \$44,000,000 greenbacks, as how to get the money into the banks and into circulation; Mr. Richardson has been of the opinion that it was legal.

Here the interview closed. Soon afterward a TRIBUNE reporter inquired of Senator Morton the decision which had been reached by the President, and was answered substantially as Mr. Johnson had been. Mr. Morton said that he had been in New York about a week and had seen the progress of the Wall-st. panic from the start. He had telegraphed to President Grant and Secretary Richardson, urging them to come on, but he was not prepared to say that they would not have come without such urging. They had been in consultation all day, and had had the matter presented from every point of view. There was no possible suggestion which had not been presented and considered. The relief proposed by the President was all that he felt authorized to offer at present. He did not think the crisis sufficient to warrant the exercise of extraordinary or doubtful powers. If the \$44,000,000 greenbacks were issued the question was how to get them into circulation. The Government could act as a purchaser of its own bonds, but could not come into the market as a lender.

Senator Morton was asked if Government might not deposit money in the banks. He answered that he had never been done, but he could not say that it might not legally be done. Certain banks were designated as depositories for Government moneys which were flowing toward the Treasury; money had never been taken from the Treasury and placed in these depositories. The legality of such a course had yet to be decided. The contemplated action of the President would be officially announced in the morning papers, and nothing more would be done for the present. If the purchase of bonds afforded no relief, and the panic went on, he was not prepared to say that further action would be taken by the President in the matter, and that he might not exercise powers which he declines to use in the present stage of affairs.

RETURN TO THE HOTEL.

Night had now come, and with the return of the dignitaries to the hotel, after they had dined, the scene became more stirring than during the day. The crowds in the lobbies rendered passage possible only by patient elbowing, and the pile of trunks against the walls was occupied by large detachments of humanity as "coigns of vantage." The street in front was partly filled and the doorways were jammed. Above stairs, about the south-west angle, where the interest centered, promenading ladies had served to keep the way clear, and in their brilliant costumes and with their gleeful manners offered a somewhat suggestive contrast to the earnest groups of men among whom they promaded.

The capitalists were ready in Room 19 and at various places about the corridor waiting to receive the ultimatum of the President. Jay Gould appeared upon the scene and attracted about him an interested crowd until he disappeared in the private room of the Capitalist Committee. Augustus Schell also appeared, one of those who had not previously lent his presence to the scene.

Rumors flew about thicker than the crowd. It was known that the President was closeted with Senator Morton and Secretary Richardson. Then it was said that the President had suddenly disappeared and taken the 9:30 train for Washington. Finally it was known that Reverdy Johnson was in at the conference of the officials and was urging relief for the banks. As each of these rumors took shape, the earnest talk increased, and men among the capitalists took heart or sought the aid of artificial courage. It was not until after 9 o'clock that the rumor took shape that the President had declined to give the relief asked for and that nothing beyond the purchase of an unlimited number of bonds could be offered. The expression of opinion tended pretty general over this news to one conviction—that every bank would have to suspend.

JAY GOULD PROPHESES A CRISIS.

Charles J. Osborn, one of Jay Gould's brokers, was found complacently conversing with a number of friends at the Fifth Avenue Hotel, early last evening. When asked regarding Mr. Gould's transactions in Wall-st., he ejaculated something about brokers' secrets and honor, and kindly referred the reporter to Mr. Gould for information. "I will state, however," said he, "that there is no man in this city who has been so willfully and wrongfully abused as Jay Gould, so that when none have so calmly and honorably conducted themselves in Wall-st., nor who have done more to prevent the present panic, and assist the bankers and brokers in their trouble. During the two years I have ever found him a man of honor and good sense, no matter how they were brought about, he has done much to assist the Wall-st. men because he paid his losses every one, large and small, quietly, and without attempting to take any advantage, while those who oppose him have played the coward and suspended payment."

A friend who stood by emphatically corroborated this statement.

At about 8 p. m. Jay Gould quietly entered the Fifth Avenue Hotel, and ascending the steps to the parlors of the second floor became the observed of all eyes. Passing along the main corridor he was stopped by several Wall-st. men, who sought his views and information. Briefly answering these, he turned to walk in the direction of the suite of parlors reserved for President Grant and Secretary Richardson, when he was accosted by a TRIBUNE reporter. In response to his queries, Mr. Gould said that he had not been consulted by the Government officials as to the course which they should pursue in relieving the excitement and the pressure upon the financial center, but he would recommend the issuing of a portion of the \$44,000,000. Unless something of this kind was done there would be a general crash which would shake the country.

He said that he had seen this crisis coming for six months, and had made his arrangements accordingly. Mr. Gould then turned, and sauntering to the room in which were the capitalists, was soon engaged in conversation with Gen. Casey.

As he left the hotel he was accosted by another TRIBUNE reporter, and was asked to state the result

of the deliberations of the evening. He replied ominously that there would be a general breaking of the banks—not one would be left intact—and a general crisis be precipitated upon the country.

MANAGER CAMP SANGUINE.

THE THINKS THE BANKS PERFECTLY SECURE. About 10 o'clock Mr. Camp, General Manager of the Clearing-house, entered the hotel, and at once became the center of an anxious crowd, who were desirous of learning his views of the dangers which threatened the morning. As soon as possible a TRIBUNE reporter obtained a few moments' conversation with him. The reporter asked what would be the course of the banks to-day. He answered:

"They will go right on as usual. Every check passed in the regular way through the Clearing-house will be paid. The banks are in no danger, and there is no thought of their suspension. It is impossible that they should suspend—or rather I thought so till I came in here and found how mad these people are. It seems now in this bodiam as if anything might be possible. I have been perfectly astonished at the questions that have been asked me since I came in here. The people seem wild. I can't think what is the matter with them."

A gentleman standing near said that the people had been talking about what the President was going to do until they had gone crazy on the subject.

Mr. Camp—What is the President going to do? Nothing, I hope. The banks don't want his money, nor to be meddled with; they are able to take care of themselves. They were never stronger than they are to-day, and the action of the bank officers yesterday made them doubly strong. Of course, if all the depositors of a bank come on at any time, and if all the depositors in all the banks demand their money at once they may break them; but they're not going to do this, and the banks are not going to fail or suspend. They will stand by each other and will all be strong. There may be some delay from lack of clerical force to make out certificates as fast as they are demanded, but I don't even think this will be the case. Men of sense are not going to draw out any more money than they need, and we'll supply force sufficient for that.

A gentleman standing near Mr. Camp whispered in his ear: "I have \$48,000 in bank, and shall let it stay."

Mr. Camp—Of course you will, and so will every other man of sense. It will be perfectly safe.

Mr. Camp moved away, still followed by an ever-changing crowd, and wherever he went he left brighter faces than he found. "You have done us more good," said a broker, "than anything we have had to-night."

"Yes," replied another, "that's the way to talk whether it's true or not."

F. D. Tappan, President of the Gallatin National Bank and President of the Clearing-house, left the Union League Club with a number of friends, and arrived at the Fifth Avenue Hotel at about 10 p. m. He appeared cheerful, despite the troubles which menaced the institutions. In response to the inquiries of a TRIBUNE reporter, he said he did not know what course the banks would pursue to-day, but felt quite confident that they would open their doors this morning as usual.

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As the Commodore came from the President's room he was at once accosted by several of his acquaintances to learn the result of the interview. Much had been hoped from it by those assembled, as it was known that the Commodore had expressed his willingness to advance \$10,000,000 to the banks, provided the President would direct the Secretary of the Treasury to advance \$25,000,000. In response to the questions put to him, the Commodore said briefly that his mission had been unsuccessful, and added, referring to the President's refusal to authorize the loan to the banks:

"He could do it if he wanted to."

He at once took his departure, accompanied by several friends. Those who were present at the interview between the President and the Commodore said that the Commodore, addressing himself to the President and Secretary Richardson, alluded to the danger with which the financial community was menaced, and the necessity for prompt measures of relief. He offered to place at the disposal of the banks the sum of \$10,000,000 to relieve their present necessity, provided the President would authorize the Secretary of the Treasury to loan the banks \$25,000,000. He further offered to stand a pro rata amount of any loss that might accrue by such action.

The President replied that the Commodore was at liberty, of course, to use his private funds as he saw fit, but the Government was bound by legal obligations not to issue the greenbacks in the manner proposed.

It is stated that the Secretary demanded that the banks make a succinct report to him of their individual condition before he would entertain the proposition. The interview ended with no more satisfactory result than those that had preceded it.

Commodore Vanderbilt, at a later hour last evening, stated to a TRIBUNE reporter the following version of the interview between himself and the President. The Commodore was in unusually good humor, and even at this late hour, after a day of unwonted mental strain, was found conversing with a few friends most fluently on railroad stocks and the Wall-st. crash. The reporter was readily admitted, notwithstanding the Commodore's edict that no newspaper men cross his threshold last evening, and the Commodore expressed his willingness to furnish THE TRIBUNE with any information possible. On being informed that it was the result of the President's conference with himself that was desired the Commodore replied that he feared on that subject he could furnish little or no information. He had during the day enjoyed a very agreeable interview with President Grant, but what would be the action of the President he had not the remotest idea. He had not made a formal proposition to the President, as had been reported, that he would furnish the sum of \$10,000,000 under certain conditions, but had merely said, in conversation with the President and several other gentlemen, that something should be done to make money easier, and he would willingly lend his aid to that end. He had then announced informally that if the Government or other parties could in any way furnish \$40,000,000 or that amount of securities to the Banking Association, he would be one to furnish \$10,000,000. Whether his offer would be accepted or not, or whether the Government would take any steps in the matter, he was ignorant, but hoped something would certainly be done to make money easier until the crisis was past. He could form no conjecture what the President's action would be, he only knew it would be decided on at a later hour last evening, and furnished in writing to the press.

THE UNION TRUST COMPANY'S TROUBLES.

IT WILL NOT RESUME TO-DAY.

Sanguine hopes entertained on Saturday and yesterday that the Union Trust Company would resume this morning are doomed to sad disappointment. It is recognized by all financiers that this bank is the Malakoff of the situation. If it fails

finally—even if it does not promptly resume within a few days—many believe that the distrust which will be caused thereby will involve other banks in hopeless ruin.

The suspension is now known to have been the consequence of causes more serious than were previously supposed. Carleton's defalcation will amount to at least \$500,000, and the belief is that it is greater. The call loan to Lake Shore of \$1,750,000 was made in order to enable that line to pay its last dividend of four per cent, which, it is settled, was fictitious. The road had only \$250,000 of the \$3,000,000 voted as a dividend, and borrowed the remainder. The call for its return was disregarded, and Commodore Vanderbilt declined to repay the loan. Another loan of \$900,000 to Mr. G. G. Williams, one of the directors of the Union Trust, is declared to have been for the benefit of the Vanderbilt party, who are responsible for its return. This makes a total of over \$3,000,000 of Trust Company funds locked up by the Vanderbilt clique operations. Of all the demand loans called in, only \$300,000 have been paid.

Before banking hours on Saturday the Trust Company offered to sell Gen. Hillhouse \$1,000,000 of bonds at the lowest rate which might be bid at noon of that day, but the Sub-Treasurer declined to buy the bonds of the imperiled bank, on the ground that he had no authority to buy bonds at private sale.

A leading director of the bank, yesterday, stated as follows to a TRIBUNE reporter:

The Union Trust Company is managed by an Executive Committee, which meets weekly, and is ruled by its by-laws. It has practically met every day for the last year, for its members have been at the office daily. The loans are all made by this Committee, and reported to the trustees at the monthly meeting. If any judgments were made during the month, it was then rather late for any objections by the trustees. It has been the ordinary manner of doing business. There can be no real surprise to-day. There seems to be a strong impression that the Lake Shore Railroad Company are coming to the rescue of the Union Trust Company, and that it will resume payments in a strong position no later than next Saturday.

A call loan of \$300,000 which was thought to be doubtful was paid yesterday, and others will probably come in to-day.

Mr. Frothingham, the President of the Company, sailed from Liverpool on Saturday. No dispatch has been sent him announcing the disaster which has happened to the institution, and he is supposed to be wholly ignorant of it.

Augustus Schell was visited by a reporter of THE TRIBUNE, last night, at the St. James Hotel, to which place the gentleman had retired from his residence to secure quiet. Mr. Schell was apparently very depressed, even, as an associate who had seen him during the day had remarked, "broken-hearted."

"Will the Trust Company's office open for business to-morrow, Mr. Schell?" asked the reporter.

"No, Sir. I regret to say that it is impossible for it to do so," he answered, with a sorrowful smile.

"When will the Company resume?"

"It is impossible to say, everything depending on the calling in of loans. When we suspended, it was with the expectation of calling in sufficient loans to be able to resume on Monday, but the closing of the Stock Exchange disarranged our plans. The Trust Company will not open until it is able to go on without again faltering. It would not do to be obliged to close again."

"Is there any doubt as to the Trust Company's being in a condition eventually to resume?"

"We cannot tell, but hope not."

John V. L. Pruyn of Albany, one of the directors of the Union Trust Company, in answer to a question whether the Company would resume this morning, said that would depend on whether the Lake Shore people paid up their loan, of which there was very little prospect. He said that the suspension of the Company was owing entirely to the loan of \$1,750,000 to the Lake Shore Railroad to enable them to pay their dividend. The railroad put their consolidated bonds on the market and they met with a rapid sale, the proceeds of which were deposited in the Trust Company to liquidate the loan; but when Vanderbilt became President of the railroad he said the bonds were selling too low, and that no more should be sold at less than par. The people would not buy them at par, and thus the sales ceased and the loan of the Trust Company remained unpaid. Mr. Vanderbilt went down to the office Saturday and offered to deposit securities for the loan, but what the Company wanted was money and not securities. Besides, I am informed that his securities were not by any means sufficient to cover the loan. Whether he will do anything better for the Company to-morrow I don't know.

CARLETON'S DEFALCATION \$500,000.

The only story of actual crime that has been developed by the breaking up in Wall-st. is the defalcation of Charles T. Carleton, Secretary of the Union Trust Company. At the examination of the affairs of the institution on Friday night, rapid and general as it was, it was discovered that at least \$500,000 worth of Government securities and railroad bonds, which had been kept in a new underground safe, had disappeared, and probably as much more. Mr. Carleton had left the office late in the forenoon, and though when he went out it was supposed he had gone to lunch, he has not yet returned. As evening approached, and the Secretary was still missing, rumors of distrust began to spread themselves among the officers and clerks. Late at night the surprising discovery was made known. Mr. Carleton has been connected with the bank for five years, and has not once until now been under suspicion. He is a son of the Rev. Dr. Carleton, formerly of the Methodist Book Concern, and it is stated that one loan of \$30,000 was made to his father. Mr. Carleton lived in elegant style at No. 52 South Oxford-st., Brooklyn, where a TRIBUNE reporter found three servants who were greatly alarmed at the absence of their master and the rumors they had heard of his doings. It was learned that Mr. Carleton was last seen at home on Friday morning, when he left at the usual hour for the office. As he was traced by the detectives to the New Jersey Central depot, it is believed that the defaulter first went to his father's home in Elizabeth, N. J., but nothing further concerning his whereabouts is yet known.

Augustus Schell was asked by a TRIBUNE reporter about Carleton's funds.

"Regarding Mr. Carleton's defalcation, can you state the exact or estimated amount that he has taken?"

"No; but the clerks have been examining the books all day, and will undoubtedly soon find out. I do not, however, think—at least trust not—that the amount of his defalcation will exceed \$500,000. The matter was a complete surprise to us, for although we were aware that Mr. Carleton did some business on his own account, and also lived handsomely, he did not, apparently, do more than so have been recommended five years ago, and has since served so faithfully, that we did not for an instant distrust him."

Mr. Schell further stated that he did not know where the defaulter had gone, though he believed he went to Jersey.

From another source the following facts were learned: It has been known for some time that Mr. Carleton has been in the habit of speculating in several stocks. He was largely interested in Western Union, and the sudden large fall probably brought him very great loss, and placed him in desperate circumstances. Envelopes that were picked up in the office showed that he also speculated in Union Pacific. One transaction is known in one of the other fancy stocks. The extent of the defalcation is not yet known, as the examination which was in progress all

day yesterday is not yet completed. It is not supposed by those who knew him best that he has been long addicted to these speculations. He seems to have taken it up recently, and his losses especially are supposed to have been very recently. The fair presumption is that his intimate relations with some of the trustees of the Company, who were conspicuous speculators, led him into his misfortunes. He probably invested in the same stocks that they did, but, being younger and more sanguine, he expanded his operations. There is no evidence yet found to show that he has left the city.